



AUSTRALIAN INDUSTRIAL REGISTRY

Level 8, Terrace Towers  
80 William Street, East Sydney, NSW 2011  
Telephone: (02) 8374 6666  
Fax: (02) 9380 6990

Ref: FR2003/712-[105N-VIC]

Mr Martin Kingham  
Victorian Divisional Branch Secretary  
CFMEU Construction and General Division  
Box 89, Trades Hall  
54 Victoria Street  
CARLTON SOUTH VIC 3053

Dear Mr Kingham

**Re: Construction, Forestry, Mining and Energy Union-Construction and General Division,  
Victorian Branch Financial Reporting Obligations under *Workplace Relations Act 1996***

This is a courtesy letter to remind you of the financial reporting obligations of the abovenamed body under the *Workplace Relations Act 1996* ('the Act') for the financial year ended 31 December, 2003.

While the accounting, auditing and reporting obligations have changed with the introduction of the *Registration and Accountability of Organisations Schedule* (the RAO Schedule) which generally came into operation on 12 May 2003, Part IX, Division 11 of the Act continues to apply in relation to a financial year of an organisation that ends on 31 December, 2003. The corresponding obligations set out in the RAO Schedule apply to each financial year of an organisation that starts on or after 1 July 2003.

Now that the financial year for 31 December, 2003 has ended, it is timely that you put in train the various steps of the financial reporting requirements. To assist you with this process I have enclosed for your information a notice summarising these requirements including the time-scales prescribed by the legislation.

Please note that a branch of an organisation may be exempted from the accounting, auditing and reporting obligations in respect of a financial year by satisfying a Registrar that the branch did not have any financial affairs during the financial year. An application under subsection 271A(1) of the Act must be made within 90 days (unless extended by a Registrar) after the end of the financial year.

Please do not hesitate to contact me on (02) 8374 6618 if you wish to discuss the financial reporting requirements, especially if you anticipate any difficulty in meeting any step in the time-scales prescribed.

Yours sincerely

Belinda Penna

E-mail: [belinda.penna@air.gov.au](mailto:belinda.penna@air.gov.au)  
9 January 2004



**Australian Government**  
**Australian Industrial Registry**

Level 8, Terrace Towers  
80 William Street, East Sydney, NSW 2011  
Telephone: (02) 8374 6666  
Fax: (02) 9380 6990

Ref: FR2003/712 -[105N-VIC]

Mr Martin Kingham  
Branch Secretary  
CFMEU Construction & General Division  
Victorian Building Unions Divisional Branch  
500 Swanston Street  
CARLTON SOUTH VIC 3053

Dear Mr Kingham

**Re: CFMEU - Construction & General Division, Victorian Building Unions Divisional  
Branch - Outstanding Financial Documents - *Workplace Relations Act 1996***

There is no record of lodgment in the Industrial Registry of the auditor's report, accounts and statements of the abovenamed body, prepared in accordance with Part IX, Division 11 of the *Workplace Relations Act 1996* ('the Act'), for the year ended 31 December, 2003.

While the accounting, auditing and reporting obligations have changed with the introduction of the *Registration and Accountability of Organisations* Schedule (the RAO Schedule) which generally came into operation on 12 May 2003, Part IX, Division 11 of the Act continues to apply in relation to a financial year of an organisation that ends on 31 December, 2003. The corresponding obligations set out in the RAO Schedule apply to each financial year of an organisation that starts on or after 1 July 2003.

An organisation registered under the Act or a branch of such an organisation is required after the end of its financial year to prepare accounts and statements, obtain a report from the auditor, provide copies of the auditor's report, accounts and statements to its members, present the auditor's report, accounts and statements to a meeting of members or committee of management, and lodge copies in the Industrial Registry. Having in mind the time-scales allowed by the Act to complete each of these steps, lodgment of the required documents would, in the normal course, be expected before now.

Therefore, I request your written advice *by 2 November, 2004* as to when each of the following steps is expected to be completed:-

1. preparation of the accounts and statements in compliance with section 273
2. making of the audit report in compliance with section 276(4)
3. provision of copies of the auditor's report, accounts and statements to the members in compliance with sections 279(1) and (3)
4. presentation of the financial documents to a meeting of the members or the committee of management in compliance with sections 279(6) and (7) (*following provision of copies to the members as per step 3 above*)

- lodgment of copies of the financial documents in the Industrial Registry under cover of a certificate by you in compliance with section 280(1) - such certificate should confirm that the documents so lodged are copies of the documents presented to the meeting referred to in step 4 above - the type of meeting and the date when it was held should be specified

If you wish to discuss this letter you may contact me on (02) 8374 6618. In reply please quote: **FR2003/712.**

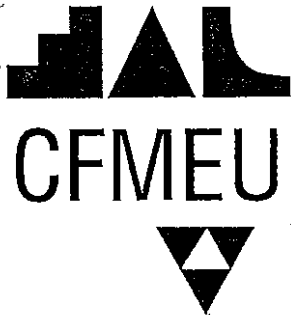
Yours sincerely

*Belinda Penna*

Belinda Penna

E-mail: [belinda.penna@air.gov.au](mailto:belinda.penna@air.gov.au)

12 October, 2004



October 15, 2004

CONSTRUCTION

FORESTRY

MINING

ENERGY

UNION

Belinda Penna  
Australian Industrial Registry  
Level 8, Terrace Towers  
80 William Street  
East Sydney NSW 2011

Dear Belinda

RE: Lodgment of Auditor's report, accounts and Statement.

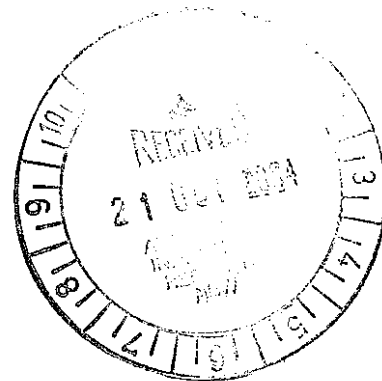
The financial Accounts of the Construction and General Division, Victorian Branch of the Construction, Forestry, Mining and Energy Union for 2003 have been completed and audited. Attached is a copy of the audited accounts.

They were published in the winter 2004 journal. The audit accounts were then represented to the Management Committee on the 12<sup>th</sup> October 2004.

Yours truly,

Martin Kingham  
State Secretary  
CFMEU – Construction and General Division  
Victorian Branch

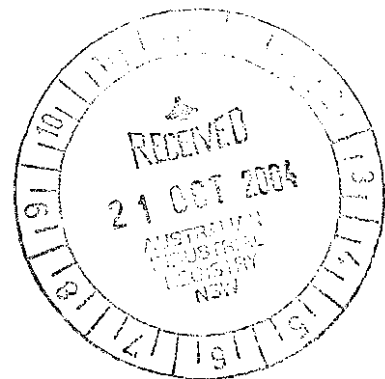
VICTORIAN  
DIVISIONAL BRANCH  
500 SWANSTON STREET  
CARLTON STH, VIC 3053



PH: (03) 9341 3444  
FAX: (03) 9348 1794

**CFMEU CONSTRUCTION AND  
GENERAL DIVISION (VICTORIAN BRANCH)**

**FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2003**



# CFMEU CONSTRUCTION AND GENERAL DIVISION (VICTORIAN BRANCH)

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**CFMEU CONSTRUCTION AND GENERAL DIVISION (VICTORIAN BRANCH)**

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Notes	2003 \$	2002 \$
Revenues from ordinary activities	2	<u>13,578,656</u>	<u>14,950,809</u>
Office and administration		(1,507,103)	(1,115,682)
Capitation, affiliation and amalgamation costs		(451,440)	(135,894)
Depreciation		(578,793)	(572,996)
Employee related expenses		(5,757,235)	(5,247,217)
Occupancy		(483,477)	(400,049)
Organisers, conference and consultancy expenses		(1,779,753)	(2,849,691)
Journal costs		<u>(220,074)</u>	<u>-</u>
		(10,777,875)	(10,321,530)
Borrowing costs expense	3	<u>(7,490)</u>	<u>(7,983)</u>
Profit from ordinary activities		<u>2,793,291</u>	<u>4,621,296</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>2,793,291</u>	<u>4,621,296</u>

The accompanying notes form part of these financial statements.

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**CFMEU CONSTRUCTION AND GENERAL DIVISION (VICTORIAN BRANCH)**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2003**

	Notes	2003 \$	2002 \$
<b>CURRENT ASSETS</b>			
Cash assets	4	541,524	135,658
Receivables	5	143,489	493,623
Inventories	6	22,503	17,654
Other financial assets	8	5,788,541	4,822,934
Other	7	<u>94,478</u>	<u>98,871</u>
<b>TOTAL CURRENT ASSETS</b>		<u><b>6,590,535</b></u>	<u><b>5,568,740</b></u>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	8	6,201,682	3,701,682
Fixed Assets	9	<u>7,444,832</u>	<u>7,718,915</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u><b>13,646,514</b></u>	<u><b>11,420,597</b></u>
<b>TOTAL ASSETS</b>		<u><b>20,237,049</b></u>	<u><b>16,989,337</b></u>
<b>CURRENT LIABILITIES</b>			
Payables	10	1,979,052	1,402,418
Interest-bearing liabilities	11	-	438,178
Provisions	12	<u>1,568,880</u>	<u>1,252,915</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u><b>3,547,931</b></u>	<u><b>3,093,511</b></u>
<b>TOTAL LIABILITIES</b>		<u><b>3,547,932</b></u>	<u><b>3,093,511</b></u>
<b>NET ASSETS</b>		<u><b>16,689,117</b></u>	<u><b>13,895,826</b></u>
<b>MEMBERS' FUNDS</b>			
Reserves	13	695,256	695,256
Retained profits	14	<u>15,993,861</u>	<u>13,200,570</u>
<b>TOTAL MEMBERS' FUNDS</b>		<u><b>16,689,117</b></u>	<u><b>13,895,826</b></u>

The accompanying notes form part of these financial statements.



**CFMEU CONSTRUCTION AND GENERAL DIVISION (VICTORIAN BRANCH)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Notes	2003 \$	2002 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from members		10,267,827	8,510,352
Operating grant receipts		1,799,679	2,046,263
Donations received		737,440	750,682
Receipts from sale of publications		47,054	50,272
Payments to suppliers and employees		(8,745,073)	(10,529,435)
Interest received		568,700	448,207
Borrowing costs		<u>(7,490)</u>	<u>(7,983)</u>
Net cash provided by operating activities	20 (b)	<u>4,668,137</u>	<u>1,268,358</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(507,509)	(990,429)
Proceeds from sale of property, plant and equipment		149,023	222,028
Payment for investments		<u>(3,465,607)</u>	<u>(1,273,583)</u>
Net cash used in investing activities		<u>(3,824,093)</u>	<u>(2,041,984)</u>
Net increase/(decrease) in cash held		844,044	(773,626)
Cash at beginning of financial year		<u>(302,520)</u>	<u>471,106</u>
Cash at end of financial year	20 (a)	<u>541,524</u>	<u>(302,520)</u>

The accompanying notes form part of these financial statements.

**CFMEU CONSTRUCTION AND GENERAL DIVISION (VICTORIAN BRANCH)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2003**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared for distribution to the members to fulfil the Executive's financial reporting requirements under the **Workplace Relations Act 1996**.

The Executive have prepared the financial report in accordance with Australian Accounting Standards, Urgent Issues group Consensus Views and other authorities' pronouncements of the Australian Accounting Standards Board and the requirements of the **Workplace Relations Act 1996**.

The financial report has been prepared on the accrual of accounting including the historical cost convention and the going concern assumption basis, with the exception of membership income which is brought to account on a cash basis

**A. Income Tax**

No provision for income tax has been raised as the union is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

**B. Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis.

**C. Fixed Assets**

Freehold land and buildings are carried at fair value. At each reporting date, the value of each asset in this class is reviewed to ensure that it does not differ materially from the assets' fair value at that date.

Other fixed assets are carried at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all fixed assets are depreciated over the useful lives of the assets to the union commencing from the time the asset was held ready for use.

The carrying amount of fixed assets is reviewed annually by executives to ensure it is not in excess of the recoverable amount of those assets.

The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Depreciation is provided on a straight-line basis for all property, plant and equipment, other than freehold land.

Depreciation rates used are as follows:

Buildings	2.5%
Leasehold improvements	15%
Plant & equipment	7.5-22.5%
Motor vehicles	22.5%
Furniture, fixtures & fittings	15-25%
Computer equipment	37.5%

## CFMEU CONSTRUCTION AND GENERAL DIVISION (VICTORIAN BRANCH)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### D. Investments

Current and non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually by executives' to ensure it is not in excess of the recoverable amount of these investments. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

##### E. Employee Benefits

Provision is made for the union's liability for employee benefits arising from services rendered by employees to balance date. Employee entitlements consist of annual leave, long service leave and redundancy pay which are accrued in line with employee agreements. Entitlements are unconditional and as such are recorded as current liabilities.

Contributions are made by the union to an employee superannuation fund and are charged as expenses when incurred.

##### F. Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments with terms of less than 90 days, net of outstanding bank overdrafts.

##### G. Revenue

Revenue from membership is recognised on a cash basis.

Other revenue is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of goods and services tax (GST).

##### H. Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

##### I. Information to be provided to members or registrar

In accordance with the requirements of the Workplace Relations Act, 1996, the attention of members is drawn to the provisions of subsections (1), (2) and (3) of Section 274, which read as follows:

- (1) A member of an organisation, or a Registrar, may apply to the organisation for specified prescribed information in relation to the organisation.
- (2) An organisation shall, on application made under Sub-Section (1) by a member of the organisation or a Registrar, make the specified information available for the member or Registrar in such manner, and within such time, as is prescribed.
- (3) A Registrar may only make an application under Sub-section (1) at the request of members of the organisation concerned, and the Registrar shall provide to members information received because of an application made at the request of the members.

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**CFMEU CONSTRUCTION AND GENERAL DIVISION (VICTORIAN BRANCH)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Note	2003 \$	2002 \$
<b>NOTE 2: REVENUE</b>			
<b>Operating activities</b>			
- membership subs and levy		8,532,212	7,975,563
- donations		737,440	750,682
- interest received	2(a)	568,700	448,207
- Grant income		1,728,433	1,977,440
- training fees received		346,701	30,689
- EBA processing fee		536,347	267,073
- other revenue		615,314	484,127
- proceeds on sale of PP & E		507,509	222,028
- BLF assets brought to account		-	2,795,000
		<u>13,578,656</u>	<u>14,950,809</u>
 (a) Interest from:			
- other persons		<u>568,700</u>	<u>448,207</u>
 <b>NOTE 3: PROFIT FROM ORDINARY ACTIVITIES</b>			
Profit (losses) from ordinary activities has been determined after:			
(a) Expenses:			
Borrowing costs		7,490	7,983
Depreciation of property, plant and equipment		578,793	572,996
Bad and doubtful debts		-	67
 Remuneration of the auditors for:			
- audit services – PKF		21,950	-
- other services – PKF		-	-
- audit services – predecessor auditor		-	15,230
- other services – predecessor auditor		<u>13,035</u>	<u>11,000</u>
		34,985	26,230
 Net loss on disposal of non-current assets			
- Property, plant and equipment		53,776	29,518
 (b) Revenue and Net Gains			
Net gain on disposal of property, plant and equipment		<u>-</u>	<u>4,621</u>
 <b>NOTE 4: CASH ASSETS</b>			
Cash on hand		2,200	2,200
Cash at bank		<u>539,324</u>	<u>133,458</u>
		<u>541,524</u>	<u>135,658</u>
 <b>NOTE 5: RECEIVABLES</b>			
<b>CURRENT</b>			
Trade debtors		136,773	451,933
Less provision for doubtful debts		<u>(24,211)</u>	<u>(24,211)</u>
		<u>112,562</u>	<u>427,722</u>
Other debtors		<u>30,927</u>	<u>65,901</u>
		<u>143,489</u>	<u>493,623</u>

**CFMEU CONSTRUCTION AND GENERAL DIVISION (VICTORIAN BRANCH)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Note	2003 \$	2002 \$
<b>NOTE 6: INVENTORIES</b>			
CURRENT			
Other current inventory		<u>22,503</u>	<u>17,654</u>
<b>NOTE 7: OTHER ASSETS</b>			
CURRENT			
Prepayments		<u>94,478</u>	<u>98,871</u>
<b>NOTE 8: OTHER FINANCIAL ASSETS</b>			
CURRENT			
Other current investments – at cost		<u>5,788,541</u>	<u>4,822,934</u>
NON-CURRENT			
Unlisted trusts			
- at cost		<u>1,682</u>	<u>1,682</u>
Other investments			
- at cost		<u>6,200,000</u>	<u>3,700,000</u>
		<u>6,201,682</u>	<u>3,701,682</u>
<b>NOTE 9: FIXED ASSETS</b>			
<b>LAND</b>			
Freehold land:			
At independent valuation		<u>1,866,434</u>	<u>1,866,434</u>
<b>BUILDINGS</b>			
At independent valuation		3,852,218	3,850,418
Less accumulated depreciation		<u>(117,065)</u>	<u>(66,361)</u>
		<u>3,735,153</u>	<u>3,784,057</u>
<b>IMPROVEMENTS</b>			
At cost		512,416	502,350
Less accumulated amortisation		<u>(292,965)</u>	<u>(252,769)</u>
		<u>219,451</u>	<u>249,581</u>
Total land and buildings		<u>5,821,038</u>	<u>5,900,072</u>

**Valuations**

The revaluations of freehold land and buildings were based on the assessment of their current market value.

Independent valuations have been carried out by LandMark White on 24<sup>th</sup> of April, 2001 and on the 16<sup>th</sup> of February, 2002 in accordance with a regular policy to regularly revalue land and buildings to reflect their market value.

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**CFMEU CONSTRUCTION AND GENERAL DIVISION (VICTORIAN BRANCH)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Note	2003 \$	2002 \$
<b>NOTE 9: FIXED ASSETS (Cont'd)</b>			
<b>PLANT AND EQUIPMENT</b>			
<b>(a) Plant and equipment</b>			
At cost		568,337	550,828
Less accumulated depreciation		<u>(328,066)</u>	<u>(285,360)</u>
		<u>240,271</u>	<u>265,468</u>
<b>(b) Motor vehicles</b>			
At cost		1,516,397	1,639,296
Less accumulated depreciation		<u>(584,520)</u>	<u>(591,545)</u>
		<u>931,877</u>	<u>1,047,751</u>
<b>(c) Computer equipment</b>			
At cost		871,986	729,727
Less accumulated depreciation		<u>(573,762)</u>	<u>(414,389)</u>
		<u>298,224</u>	<u>315,338</u>
<b>(d) Furniture, fixtures and fittings</b>			
At cost		367,448	366,694
Less accumulated depreciation		<u>(214,026)</u>	<u>(176,408)</u>
		<u>153,422</u>	<u>190,286</u>
Total plant and equipment		<u>1,623,794</u>	<u>1,818,843</u>
Total property, plant and equipment		<u>7,444,832</u>	<u>7,718,915</u>

**(a) Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Freehold land \$	Buildings \$	Leasehold improvements \$	Plant & equipment \$
<b>2003</b>				
Balance at the beginning of the year	1,866,434	3,784,057	249,581	265,41
Additions	-	1,800	10,066	17,51
Depreciation expense	-	<u>(50,704)</u>	<u>(40,196)</u>	<u>(42,70)</u>
Carrying amount at end of year	<u>1,866,434</u>	<u>3,735,153</u>	<u>219,451</u>	<u>240,2</u>
	Motor vehicles \$	Furniture, fixtures & fittings \$	Computer equipment \$	Total \$
<b>2003</b>				
Balance at the beginning of the year	1,047,751	190,287	315,339	7,718,9
Additions	335,122	753	142,259	507,5
Disposals	(202,800)	-	-	(202,80)
Depreciation expense	<u>(248,196)</u>	<u>(37,618)</u>	<u>(159,373)</u>	<u>(578,79)</u>
Carrying amount at the end of the year	<u>931,877</u>	<u>153,422</u>	<u>298,225</u>	<u>7,444,8</u>

**CFMEU CONSTRUCTION AND GENERAL DIVISION (VICTORIAN BRANCH)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Note	2003 \$	2002 \$
<b>NOTE 10: PAYABLES</b>			
CURRENT			
Unsecured liabilities			
Trade creditors		1,527,208	1,069,963
Sundry creditors and accruals		<u>451,844</u>	<u>332,455</u>
		<u>1,979,052</u>	<u>1,402,418</u>
<b>NOTE 11: INTEREST BEARING LIABILITIES</b>			
CURRENT			
Unsecured liabilities			
Bank overdrafts		<u>-</u>	<u>438,178</u>
<b>NOTE 12: PROVISIONS</b>			
CURRENT			
Employee benefits		<u>1,568,880</u>	<u>1,252,915</u>
<b>NOTE 13: RESERVES</b>			
Asset revaluation reserve		<u>695,256</u>	<u>695,256</u>
<b>NOTE 14: RETAINED PROFITS</b>			
Retained profits at the beginning of the financial year		13,200,570	8,579,274
Net profit attributable to members of the entity		<u>2,793,291</u>	<u>4,621,296</u>
Retained profits at the end of the financial year		<u>15,993,861</u>	<u>13,200,570</u>
<b>NOTE 15: RELATED PARTY TRANSACTION</b>			
There were no related party transactions during the year.			
<b>NOTE 16: REMUNERATION AND RETIREMENT BENEFITS</b>			
<b>(a) Executives' Remuneration</b>			
Income paid or payable to all executives of the union by the union.		<u>416,304</u>	<u>389,390</u>
Number of executives whose income from the Union was within the following bands:			
		No.	No.
\$60,000 - \$69,999		-	1
\$70,000 - \$79,999		-	2
\$80,000 - \$89,999		5	1
\$90,000 - \$99,999		-	1

CFMEU CONSTRUCTION AND GENERAL DIVISION (VICTORIAN BRANCH)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2003

Note	2003	2002
	\$	\$

**NOTE 16: REMUNERATION AND RETIREMENT BENEFITS (CONT'D)**

The names of executives who have held office during the financial year are:

M. Kingham  
W. Oliver  
F. O'Grady  
J. Cummins  
J. Setka

**NOTE 17: UNION DETAILS**

The principal place of business of the union is:

CFMEU Construction and General Division (Victorian Branch)  
500 Swanston Street  
Carlton South  
Melbourne VIC 3054

The union has 66 employees.

**NOTE 18: SEGMENT INFORMATION**

The Union operates predominately in one business segment, being the provision of union services, in one geographic segment, being Victoria.



CFMEU CONSTRUCTION AND GENERAL DIVISION (VICTORIAN BRANCH)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2003

NOTE 19: FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The union's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Fixed Interest Rate Maturing					
			Floating Interest Rate		Within 1 Year		1 to 5 Years	
	2003	2002	2003	2002	2003	2002	2003	2002
	%	%	\$	\$	\$	\$	\$	\$
Financial Assets:								
Cash	0.6	0.6	541,524	135,658	-	-	-	-
Investments	5.4	5.2	-	-	5,788,541	4,822,934	6,200,000	3,700,000
Total Financial Assets			<u>541,524</u>	<u>135,658</u>	<u>5,788,541</u>	<u>4,822,934</u>	<u>6,200,000</u>	<u>3,700,000</u>
Financial Liabilities:								
Bank loans and overdrafts	-	13.95	-	438,178	-	-	-	-
Total Financial Liabilities			<u>-</u>	<u>438,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

CFMEU CONSTRUCTION AND GENERAL DIVISION (VICTORIAN BRANCH)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2003

NOTE 19: FINANCIAL INSTRUMENTS (Cont'd)

	Fixed Interest Rate Maturing		Non-Interest Bearing		Total	
	Over 5 Years		2003	2002	2003	2002
	2003	2002	2003	2002	2003	2002
	\$	\$	\$	\$	\$	\$
Financial Assets:						
Cash	-	-	-	-	541,524	135,658
Receivables	-	-	143,489	493,623	143,489	493,623
Investments	-	-	1,682	1,682	11,990,223	8,524,616
Total Financial Assets	-	-	145,171	495,305	12,675,236	9,153,897
Financial Liabilities:						
Bank loans and overdrafts	-	-	-	-	-	438,178
Trade and sundry creditors	-	-	1,979,052	1,402,418	1,979,052	1,402,418
Total Financial Liabilities	-	-	1,979,052	1,402,418	1,979,052	1,840,596

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial report.

The union does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the union.

**CFMEU CONSTRUCTION AND GENERAL DIVISION (VICTORIAN BRANCH)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Note	2003 \$	2002 \$
<b>NOTE 20: CASH FLOW INFORMATION</b>			
(a) Reconciliation of cash			
Cash at the end of the financial year as shown in the statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:			
Cash on hand		2,200	2,200
Cash at bank		539,324	133,458
Bank overdrafts		-	(438,178)
		<u>541,524</u>	<u>(302,520)</u>
(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax			
Surplus from ordinary activities after income tax		2,793,291	4,621,296
Non-cash flows in profit from ordinary activities			
BLF assets brought to account		-	(2,795,000)
Depreciation		578,793	572,996
Net (gain) / loss on disposal of property, plant and equipment		53,776	24,897
Changes in assets and liabilities			
(Increase)/decrease in receivables		350,134	(129,645)
(Increase)/decrease in other assets		4,393	(13,317)
(Increase)/decrease in inventories		(4,849)	1,173
Increase/(decrease) in payables		576,634	(765,360)
Increase in provisions		<u>315,965</u>	<u>1,268,358</u>
Cash flows from operations		<u>4,668,137</u>	<u>1,268,358</u>

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION**  
**BUILDING UNIONS DIVISION - VICTORIAN DIVISIONAL BRANCH**  
**FOR YEAR ENDED 31ST DECEMBER 2003**

**ACCOUNTING OFFICER'S CERTIFICATE**

---

I, Martin Kingham, being the Officer responsible for keeping the accounting records of the Construction, Forestry, Mining and Energy Union - Building Unions Division - Victorian Divisional Branch, hereby certify that at 31st December 2003, the number of members of the Branch was 20944 and that in my opinion:

- (a) the financial statements as set out on the pages attached hereto show a true and fair view of the financial affairs of the Branch as at 31 December 2003;
- (b) a record has been kept of all monies paid by, or collected from, members and all monies so paid or collected have been credited to the bank account to which those monies are to be credited in accordance with the Rules of the Branch;
- (c) before the expenditure was incurred by the Branch, approval for the incurring of the expenditure was obtained in accordance with the Rules of the Branch;
- (d) with regard to funding of the Branch raised by compulsory levies or voluntary contributions from members, or funds other than the Federal Fund operated in accordance with the Rules, no payments were made out of any such funds for purposes other than those for which the fund was operated;
- (e) no loan or other financial benefits, other than remuneration in respect to their full-time employment with the Branch, were made to any person holding office in the Branch;
- (f) the register of members of the Branch was maintained in accordance with the Workplace Relations Act 1996.

Dated at Carlton South this fourteenth day of 8<sup>th</sup> June 2004.

  
.....  
**MARTIN KINGHAM**  
**STATE SECRETARY**

THE CONSTRUCTION FORESTRY MINING AND ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION – VICTORIAN DIVISIONAL  
BRANCH FOR YEAR ENDED 31<sup>ST</sup> DECEMBER 2003

COMMITTEE OF MANAGEMENT CERTIFICATE

We, Frank O'Grady and John Canning, being two members of the Executive Committee of the above mentioned Union, hereby state on behalf of the Committee and in accordance with a resolution passed by the Committee, that in the opinion of the Executive Committee:

- (a) the accompanying financial statement of the union as set out are drawn up so as to give a true and fair view of the state of affairs of the Union at 31 December, 2003, and the result for the year ended on that date so far as they concern the members of the Union;
- (b) the meeting so the Executive Committee held during the year ended 31<sup>st</sup> December 2003 were held in accordance with the rules of the Branch;
- (c) to the knowledge of any member of the Committee there have been no instances where records of the Branch or other documents (not being documents containing information made available to a member of the branch under Section 274 of the Workplace Relations Act VIC 1996), or copies of the rules of the Branch, have not been furnished or made available to members in accordance with requirements of the Workplace Relations Act 1996. The Regulations thereto or the rules of the Branch;
- (d) the Union has complied with Sections 279 (1) and 279(6) of the Act in relation to the financial accounts in respect of the proceeding financial year and the Auditor's report thereon.

The accompanying financial statements of the Union are made out in accordance with Australian Accounting Standards and applicable Approved Accounting Standards.

John Canning Frank O'Grady

Date at Victoria this 8<sup>th</sup> Day of JUNE, 2004

Signed in accordance with a resolution of the Executive Committee.

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE  
CFMEU CONSTRUCTION AND GENERAL DIVISION  
(VICTORIAN BRANCH)**

**Scope**

We have audited the financial report of the CFMEU Construction and General Division (Victorian Branch) for the year ended 31 December 2003 comprising the statement of financial performance, statement of financial position, statement of cash flows, notes to the financial statements, the accounting officers certificate and the committee of management certificate. The Executive Committee of the CFMEU Construction and General Division (Victorian Branch) is responsible for the report. We have conducted an independent audit of this financial report in order to express an opinion on it to the Members of the CFMEU Construction and General Division (Victorian Branch).

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion, whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the Workplace Relations Act 1996 so as to present a view which is consistent with our understanding of the CFMEU Construction and General Division (Victorian Branch) financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

**Qualification**

It is not practical for the CFMEU Construction and General Division (Victorian Branch) to maintain an effective system of control over donations and fund raising activities until their initial entry in the accounting records. Accordingly, our audit in relation to donations and fund raising was limited to amounts recorded.

**Audit Opinion**

In our opinion, except for the effect on the financial report of the matter referred to in the qualification paragraph:

- (a) Satisfactory accounting records have been kept by the CFMEU Construction and General Division (Victorian Branch) so far as appears from our examination of these records, including:
  - (i) records of the sources and nature of the income of the CFMEU Construction and General Division (Victorian Branch) (including income from members): and,
  - (ii) records of the nature and purposes of the expenditure of the CFMEU Construction and General Division (Victorian Branch).
- (b) The financial report and statements prepared under Section 273 of the Workplace Relations Act 1996 have been properly drawn up so as to give a true and fair view of:
  - (i) the financial affairs of the CFMEU Construction and General Division (Victorian Branch) as at 31 December 2003, and
  - (ii) the income and expenditure and any profit or loss of the CFMEU Construction and General Division (Victorian Branch) for the year.
- (c) The financial report has been prepared in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

Where necessary we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

**PKF**  
Chartered Accountants  
21 July 2004  
Melbourne



R A Dean  
Partner



**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN BUILDING UNIONS DIVISIONAL BRANCH**  
**INCOME & EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2003**

	2003	2002
<b>INCOME</b>	<b>\$</b>	<b>\$</b>
Membership Subs	7,820,876	7,291,209
Levy	717,336	684,354
Donations Received	737,440	750,682
Outgoings Recovered	2,523	0
Costs Recovered from Other Unions	140,672	74,364
Interest Received	568,700	448,207
Rents Received	83,770	99,738
Wages Recovered - Workcover	85,280	82,294
Advertising - Journal	74,037	1,310
Other Income	118,152	45,196
Directors Fees	38,233	36,500
Counter Sales	47,054	50,272
Grant Income	1,728,433	1,977,440
Loss on Sale of Fixed Assets	-53,776	-29,518
Profit on Sale of Fixed Assets	0	4,621
Over / (Under) Banking	580	-1,643
BLF assets Brought to Account	0	2,795,000
OHS Fees Received	25,013	68,823
Wages Recovered from CFMEU CCID	0	27,273
Training Fees Received	346,701	30,689
EBA Processing Fee	536,347	267,073
<b>Total Income</b>	<b>13,017,370</b>	<b>14,703,883</b>

**EXPENDITURE**

Accountancy Fees	900	800
Advertising	9,069	56,647
Affiliation Fees	174,871	79,247
Audio Visual & Teaching Aids	195	25,975
Audit Fees	34,985	26,230
Bank Charges	53,654	45,675
Courier Charges	1,399	1,638
Capitation Fees - Federal Office	936,642	848,521
Cleaning	36,819	27,903
Consultancy Fees	148,023	132,630
Conference Expenses - State	30,506	0
Computer Software & Maintenance	62,223	90,898
Depreciation - Building Improvements	42,706	48,881
Depreciation - Buildings	50,704	35,278
Depreciation - Computer Equipment	159,373	137,966
Depreciation - Furniture & Fittings	37,618	42,841
Depreciation - Motor Vehicles	248,196	272,558
Depreciation - Plant and Equipment	40,196	35,472
Donations	11,376	5,307
Electricity	70,998	56,470
Entertainment	58,394	999
Fringe Benefits Tax	170,431	112,339
Funeral Benefits	1,050	750

Flowers	6,415	9,296
Gas	1,828	418
Grant Expenses	0	24,876
Industrial Legal & Arbitration	50,531	39,812
Insurances	71,462	78,023
Integration Costs - FEDFA	267,500	0
Interest Charged on Overdraft	7,490	7,983
Internet Charges	14,972	8,850
Commissions on Subscriptions	70,466	91,208
Journal Costs	220,074	0
Legal Fees	194,766	1,184,665
Motor Vehicle Expenses	188,858	196,494
Newspapers	29,021	27,254
Office Security	4,089	4,225
Organisers Expenses	12,839	62,115
OHS Grant Expenses	106	974
Payroll Tax	251,429	217,337
Postage	71,631	93,322
Printing (Excluding Journal)	399,505	260,828
Publications	12,534	14,797
Purchase of Goods for Resale	48,469	50,415
Purch of Training Course Material	9,612	13,174
Provision for Long Service Leave	127,419	37,618
Provision for Annual Leave	119,631	36,708
Provision for Redundancies	68,915	36,993
Provision for Doubtful Debts	0	67
Promotional Costs	199,321	357,282
Quota - C+BUS Superannuation	579,845	537,766
Pagers & Mobile Phones	158,938	157,678
Rates and Land Taxes	130,706	90,726
Rents	31,350	44,161
Registration	1,175	1,201
Relocation Expenses	900	0
Repairs and Maintenance	168,044	114,390
Salaries - Elected Officials	975,162	1,011,579
Salaries - Employees	2,804,227	2,658,366
Staff Amenities	28,737	13,003
Staff on Costs	9,552	6,376
Stamp Duty and Title Fees	0	11,635
Stationery and Consumables	56,189	53,035
Secondary Storage Costs	14,248	72,720
Subscriptions and Library	19,124	16,800
Telephones Office	57,192	48,910
Training and Education	8,348	7,795
Secretarial and Temp Staff	94,683	28,030
Traffic Offences & Parking Fines	6,215	9,329
Travelling and Accommodation	75,483	73,768
Valuation	5,000	0
Union Banners and Flags	8,245	12,333
Workcover Levy	157,874	172,084
Workcover Medical Expenses	3,632	1,143
<b>Total Expenditure</b>	<b>10,224,079</b>	<b>10,082,586</b>
<b>Surplus/(Deficit)</b>	<b>2,793,291</b>	<b>4,621,297</b>





**Australian Government**  
**Australian Industrial Registry**

Level 8, Terrace Towers  
80 William Street, East Sydney, NSW 2011  
Telephone: (02) 8374 6666  
Fax: (02) 9380 6990

Mr Martin Kingham  
State Secretary  
CFMEU Construction and General Division  
Victorian Branch  
500 Swanston St  
CARLTON SOUTH VIC 3053

Dear Mr Kingham

**Financial Statements - Construction, Forestry, Mining and Energy Union - Construction and  
General Division - Victoria Building Unions Divisional Branch  
for year ended 31 December 2003 (FR 2003/712)**

I refer to your letter of 15 October 2004 received on 21 October 2004 enclosing the Branch financial statements and auditor's report. Before filing these documents I would appreciate your responses to the following:

Qualified Auditor's Report

The report includes a qualification expressed as follows:

It is not practical for the CFMEU Construction and General Division (Victorian Branch) to maintain an effective system of control over donations and fund raising activities until their initial entry in the accounting records. Accordingly, our audit in relation to donations and fund raising was limited to amounts recorded.

A Registrar is required under section 280(2) of the Workplace Relations Act 1996 to investigate any deficiency, failure or shortcoming set out in the report of an auditor. However, an investigation is not required if the Registrar is satisfied that the deficiency, failure or shortcoming is trivial or will be remedied in the following financial year.

I therefore seek your comments in relation to this qualification.

Provision of financial statements and auditor's report to members

I note that copies of the originals (comprising 18 pages excluding cover sheet and contents page) were published in Volume 10 No. 3 Winter edition of the Branch's journal "Construction Worker" to comply with the requirements of s279(1) of the Act. The copies published in the journal have been compressed from 18 A4 pages to 16 and published on one A3 size page.

The reduction in size has substantially affected the legibility of the original documents. The sequence of pages is also difficult to follow as page numbers have been omitted from the copies.

The provision of copies of these documents to members is an essential step in meeting the Branch's statutory financial reporting obligations.

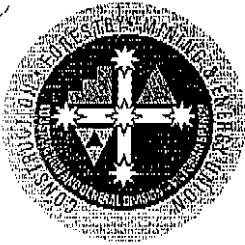
If the Branch intends in future to use its journal as the method of meeting its obligations to provide copies of these documents to members, it should ensure that the copies are not so reduced in size as to detract from their legibility and that the sequence of documents is readily apparent.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Peter McKerrow', with a long horizontal stroke extending to the right.

Peter McKerrow  
for Deputy Industrial Registrar

9 November 2004



Attention: Peter McKerrow

Deputy Australian Industrial Registry  
Level 8, Terrace Towers  
80 William Street  
Sydney  
NSW 2011

CONSTRUCTION

FORESTRY

MINING

ENERGY

UNION

Dear Sir,

Re: Regarding your letter received on 11 November, 2004 with reference FR2003/712.

Financial Statements- Construction, Forestry, Mining and Energy Union-  
Construction and General Division (Vic Branch)

I am writing in order to respond to the issues raised in the above mentioned letter

Firstly, regarding the fund raising qualification in the audit opinion: this qualification has been in the accounts for a number of years. When first introduced we were told by our auditors that it is an explanation of the limitations of an audit process rather than a weakness of our systems.

The auditors stated that all their clients involved in fund raising activities are qualified in this way because auditors cannot be at every location where fund raising takes place: it would be physically impossible. (For example if monies are being raised by "tin rattling" at traffic lights the auditor would have to be next to each collector to ensure that all monies are placed in the tin.) Once donations are counted and receipted the auditors are happy to vouch that all is in order.

This qualification is an explanation of the physical limitations on an audit, rather than a criticism of any of our systems and we were told that this type of qualification is standard practice in relation to entities that engage in any form of fund raising.

Should you need further information regarding this matter please let me know.

Secondly, the points raised in relation to the size of published financial information will be adhered to in future.

Yours Sincerely

Martin Kingham  
State Secretary

VICTORIAN  
DIVISIONAL BRANCH  
300 SWANSTON STREET  
CARLTON STH, VIC 3053

PH: (03) 9341 3444

FAX: (03) 9341 3427



**Australian Government**

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Mr Martin Kingham  
State Secretary  
CFMEU Construction and General Division  
Victorian Branch  
500 Swanston St  
CARLTON SOUTH VIC 3053

Dear Mr Kingham

**Financial Statements - Construction, Forestry, Mining and Energy Union - Construction and  
General Division - Victoria Building Unions Divisional Branch  
for year ended 31 December 2003 (FR 2003/712)**

I refer to your letter received by fax on 9 December 2004.

I note your comments on the auditor's qualification and the method of publication of the financial documents.

The documents have been filed.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Peter McKerrow', written over a horizontal line.

Peter McKerrow  
for Deputy Industrial Registrar

9 December 2004